10 October 2017

Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

Dear Mr Pierce

Discussion paper: Strategic priorities for the Australian energy sector

Energy Queensland Limited (Energy Queensland) appreciates the opportunity to provide a submission to the Australian Energy Market Commission (AEMC) on its *Discussion Paper: Strategic priorities for the Australian energy sector* (discussion paper) which outlines recommended strategic priorities and a supporting work program for the energy sector. The purpose of the AEMC's strategic priorities review is to provide input into the Energy Security Board's advice to the Council of Australian Governments Energy Council on the development of a strategic energy plan for Australia's electricity market, as recommended by the *Independent review into the future security of the National Electricity Market*.

Energy Queensland's comments with respect to the AEMC's proposed analytical framework, goals and work programs relating to consumers, system security, effective markets, networks and governance are outlined in the attached submission.

Should you require additional information or wish to discuss any aspect of Energy Queensland's submission, please do not hesitate to contact either myself on (07) 3851 6416 or Trudy Fraser on (07) 3851 6787.

Yours Sincerely

Jenny Doyle
General Manager Regulation and Pricing
Telephone: (07) 3851 6416 or 0427 156 897
Email: jenny.doyle@energyq.com.au

Energy Queensland

Submission to the Australian Energy Market Commission

Strategic priorities for the Australian energy sector

Energy Queensland Limited

10 October 2017

About Energy Queensland

Energy Queensland Limited (Energy Queensland) is a Queensland Government Owned Corporation that operates a group of businesses providing energy services across Queensland, including:

- Distribution Network Service Providers, Energex Limited (Energex) and Ergon Energy Corporation Limited (Ergon Energy);
- a regional service delivery retailer, Ergon Energy Queensland Pty Ltd (Ergon Energy Retail); and
- affiliated contestable businesses, Metering Dynamics, Energy Impact and Ergon Energy Telecommunications.

Energy Queensland's purpose is to 'safely deliver secure, affordable and sustainable energy solutions with our communities and customers and is focused on working across its portfolio of activities to deliver customers lower, more predictable power bills while maintaining a safe and reliable supply and a great customer experience.

Our distribution businesses, Energex and Ergon Energy, cover 1.7 million km^2 and supply 37,208 GWh of energy to 2.1 million homes and businesses. Ergon Energy Retail sells electricity to 740,000 customers.

The Energy Queensland Group also includes new energy services businesses which will provide customers with greater choice and control over their energy needs and access to the next wave of innovative technologies and renewables. The energy services businesses are key to ensuring that Energy Queensland is able to meet and adapt to changes and developments in the rapidly evolving energy market.

Contact details

Energy Queensland Limited
Jenny Doyle
Phone: +61 (7) 3851 6416
Email: jenny.doyle@energyq.com.au

PO Box 1090, Townsville QLD 4810
Level 6, 420 Flinders Street, Townsville QLD 4810
www.energyq.com.au

Energy Queensland Limited ABN 96 612 535 583

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1 Introduction

On 12 September 2017, the Australian Energy Market Commission (AEMC) published its *Discussion Paper: Strategic priorities for the Australian energy sector* (discussion paper) which outlines recommended strategic priorities and a supporting work program for the energy sector. The purpose of the AEMC's strategic priorities review is to provide input into the Energy Security Board's (ESB's) advice to the Council of Australian Governments (COAG) Energy Council on the development of a strategic energy plan for Australia's electricity market, as recommended by the *Independent review into the future security of the National Electricity Market* (the Finkel review).[1]

The advice being prepared by the AEMC is intended to assist industry policy-makers to make decisions that will guide the energy sector through this period of extraordinary transformation and achieve optimum outcomes with respect to prices, investment, security and reliability of energy supply and emissions reductions.[2] In preparing its advice, the AEMC has proposed the following:

- ***an analytical framework*** to be used to map and assess the issues confronting the energy sector with respect to:
  - consumers;
  - integration of energy and emissions policies;
  - system security and reliability;
  - effective markets and regulation; and
  - governance;
- ***goals*** for establishing expected outcomes;
- ***initiatives and work programs*** needed to achieve those goals; and
- ***sequencing and prioritisation*** of goals and initiatives.[3]

The AEMC has requested that interested parties make submissions on these aspects of the discussion paper by 10 October 2017. Energy Queensland's comments are provided in sections 2 and 3 of this submission.

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[1] AEMC, *Discussion paper: Strategic priorities for the Australian energy sector*, 12 September 2017, pp. i-ii.
[2] Ibid, Executive summary.
[3] Ibid, Executive summary.

2 General comments

Energy Queensland is a Queensland-based energy business that delivers electricity to its customers via an integrated business model which enables enhanced flexibility and choice in the energy market. Since the inception of the organisation on 30 June 2016, Energy Queensland has worked collaboratively to form the largest electricity distribution company in Australia whilst also operating its retail business and establishing affiliated contestable energy services businesses. Energy Queensland is focused on effectively leveraging its diverse capability across the portfolio to support the prosperity of Queensland communities through the provision of safe, secure, affordable and reliable energy.

The Energy Queensland vision is to *energise Queensland communities* and the business is focused on working across its portfolio of activities to deliver four strategic objectives:

1. ***Be community and customer focused***

   In being a community-oriented portfolio business, Energy Queensland will create enhanced levels of value by deepening our understanding of our customers' and communities' needs and providing greater choice and control over energy use.

2. ***Operate safely as an efficient and effective organisation***

   An immediate priority for Energy Queensland is to become more effective and efficient by continuing to build a strong safety culture and empowering and developing our employees, whilst driving safe and reliable operations.

3. ***Strengthen and grow from our core***

   The business will strengthen and grow by striving for a culture of continuous improvement to shape the future of energy use and enhance the utilisation of our assets.

4. ***Create value through innovation***

   To create value through innovation, Energy Queensland must be willing to try new ways of working to deliver new energy services that are tailored to the unique needs of our communities and customers to capture as much growth as possible from the shift beyond the grid.

To achieve the best possible outcomes, Energy Queensland will continue to evolve its business to effectively respond to the challenges of a rapidly changing energy industry.

The electricity industry across Australia has been undergoing significant and disruptive change over recent years. Major market trends driving change and influencing the landscape in which Energy Queensland operates include a rapid increase in customer choice and influence, a transition to decarbonised and distributed energy resources, significant political and regulatory change and the evolving capability to generate greater value from data and information. The operating environment has become increasingly dynamic, reflecting customers' responses to economic pressures, rising electricity prices, technology and the availability of new service offerings.

Technology advances and associated energy efficiencies, customers' significant uptake of new technology and energy substitution have changed the industry landscape and opened the market for new participants. The traditional model, which has previously been characterised as centralised generation and one-directional flow, is evolving to a value chain of decentralised generation, multi-directional flow and many market participants. These changes to the supply chain, roles and new market participants, will continue to create complexity in the national electricity market as well as significant challenges and opportunities.

Energy Queensland supports reform of the regulatory framework to adapt to these changes and offer the flexibility to incorporate new service types, whilst recognising that electricity infrastructure is a long-lived investment which needs to be supported. The framework therefore also needs to provide for improved utilisation of network assets as customers transition away from traditional usage patterns. Energy Queensland recommends that a customer-centric framework which provides improved access to data and information services would assist in demonstrating the value of the electricity grid.

Energy Queensland is a strong advocate for change given the dynamic operating environment and is actively engaged in national reform processes. Consequently, we look forward to engaging in any further consultation on the development of strategic priorities for the energy sector and are available to discuss this submission or provide further detail regarding the issues raised.

As a member of Energy Networks Australia (ENA), Energy Queensland is also supportive of the views contained in the ENA's submission on the discussion paper. In particular, Energy Queensland agrees with the ENA's recommendation that the AEMC's advice should have a more forward-looking orientation.

3 Specific comments

Energy Queensland has provided commentary below in relation to the AEMC's analytical framework, the goals and work programs relating to consumers, system security, effective markets, networks and governance.

3.1 Analytical framework

Energy Queensland supports a strategic priorities framework that addresses the challenges facing Australia's energy markets and agrees that the suite of goals for the energy sector should take into account:

- the 'policy trilemma' of affordability, emissions reduction and security and reliability;
- the objectives of the Australian Energy Market Agreement (AEMA), the National Electricity Objective (NEO), the National Gas Objective (NGO) and the National Energy Retail Objective (NERO); and
- the recommendations of the Finkel review.[4]

These goals are in alignment with Energy Queensland's purpose which is to *safely deliver secure, affordable and sustainable energy solutions with our communities and customers*.

Energy Queensland agrees that energy sector goals should be sufficiently detailed, comprehensive and durable.[5] However, consideration should be given to including the following additional principles:

- ***Measurable*** - While it is noted that progress measures and metrics have been included in the chapters relating to each goal, in Energy Queensland's view the ability to measure success should be included as a key element of the analytical framework.
- ***Coordinated*** - The discussion paper highlights the interlinkages between energy market goals and issues. In this regard, Energy Queensland considers

[4] Ibid, executive summary.
[5] Ibid, p. 10.

it is important to ensure that a coordinated approach is taken when implementing initiatives to ensure there is no potential for unintended consequences or perverse market outcomes.

- ***Timely*** – To assist in planning and resourcing for delivery of goals and to provide certainty for the energy sector, commitment to timeframes for implementation of work programs, particularly where there are interdependencies between programs, is required.

3.2 Consumers

The AEMC has outlined four key goals intended to meet consumer requirements and expectations: efficient prices and affordability; accessible information; engagement and participation; and protections.[6] These goals are in alignment with Energy Queensland's strategic objectives and key areas of focus, which include providing customers with:

- lower, more predictable power bills while maintaining a safe and reliable supply;
- a great customer experience;
- greater control over their energy consumption; and
- access to the next wave of energy-linked innovative technologies and renewables.

Energy Queensland is therefore largely supportive of the proposed initiatives and work program relating to consumers but would make the following comments for further consideration:

3.2.1 Efficient prices and affordability

Affordability of electricity is currently attracting high levels of attention in the public domain, with some customers finding it increasingly difficult to pay for our services. However, as the most recent *Queensland Energy Household Survey* conducted in 2016 indicated that the majority of customers surveyed do not want any change in the balance between costs and reliability and that households are performing

[6] Ibid, p. 26.

fewer energy efficient behaviours, Energy Queensland's goal for improving affordability for our customers is focused on:

- delivering more efficient networks and ensuring our services are provided at an efficient cost; and

- undertaking a range of initiatives to improve affordability for our customers, including providing accessible, value-adding energy solutions and partnering with customers to manage costs.

In delivering this goal, Energy Queensland considers that customers will find personalised value from not only the safe delivery of a reliable electricity supply but also the ability to choose from a range of energy solutions and to have control over how and when they access them.

In order to achieve more efficient price outcomes for customers, Energy Queensland's distribution businesses continue to invest in network tariff reform initiatives which, in recent years, have seen the introduction of more cost-reflective tariff structures (such as the introduction of seasonal, time-of-use and demand tariffs). These new tariff structures represent a major advance on legacy tariffs and provide a high level of transparency to customers with respect to the cost implications of how they choose to use the network. This is expected to lead to improved efficiency in the future as customers make decisions on how and when they use electricity. In addition, it may be possible to avoid or defer future network augmentation if customers are able to shift their electricity usage outside of peak network usage times in response to appropriately structured price signals.

Energy Queensland's network businesses are currently working to develop cost-reflective network tariffs that offer retailers the ability to more readily package cost-reflective network charges into their retail tariff offerings. These new tariffs are intended to give customers a greater ability to match their network tariff to their network usage whilst offering retailers the ability to manage seasonal price volatility. However, there are a number of challenges that may hinder the widespread uptake of such cost-reflective network tariffs in a timely manner. These challenges include:

- ***The availability of advanced metering.*** The vast majority of cost-reflective network tariffs require interval data for billing purposes. A greater commitment to the deployment of advanced meters will therefore be required to facilitate the timely transitioning of customers to cost-reflective tariffs.

- ***The limited energy literacy of consumers and lack of capability to respond.*** The limited energy literacy of the majority of consumers means they are not fully equipped to understand the signals embedded in cost-reflective network tariffs, even if they were to be made available by retailers. Similarly, customers will require the technology to respond to cost-reflective pricing. While that technology is available, it is almost entirely absent from residential and small business premises currently and therefore a capital investment will be required by those customers in order to respond to price signals.

- ***Retailer readiness for cost-reflectivity.*** Retailer billing system changes and B2B processes associated with the implementation of cost-reflective network tariffs will be required to enable the greater uptake of those tariffs.

These challenges present a high risk of the price signals presented to customers not being aligned with network tariff signals. Consequently, Energy Queensland considers that addressing these issues at a national level should be prioritised to achieve efficient price outcomes for customers.

3.2.2 Accessible information

Energy Queensland considers a customer-centric framework that empowers customers with data and information services will support more informed decisions and assist in influencing consumption behaviours. Measures to reduce customer confusion and increase transparency and comparability of service offerings and prices are therefore supported, as are improvements to customer access to energy data that are cost-effective and efficient for both customers and market participants.

Energy Queensland acknowledges that customers ultimately drive changes in the electricity sector through adoption of new technologies and changed behavioural patterns as they attempt to manage energy costs. However, their ability to do so is often limited by financial constraints, knowledge of and access to the products and services offered and understanding of tariff reforms. Our customer research suggests that customers do not have a clear understanding of all of the services they receive as a result of paying their electricity bill and consequently would struggle to attach personalised value. Greater customer engagement and education as well as a clear customer value proposition are critical to incentivising customers to make changes that will influence energy costs.

Energy Queensland's work with customer and customer group representatives over the years has also highlighted that confusion exists around the language and terminology used by different distributors and retailers in the market. Steps to having consistent language and common terminology would make it easier for customers to understand how their energy is charged and facilitate greater choice as customers would be better informed and better able to compare products and services offered in the market. However, care must be taken to ensure genuine innovation and product differentiation is not stifled by homogenising products as a result of well-meaning regulation.

3.2.3 Engagement and participation

The energy sector is undergoing an extraordinary transformation due to the emergence of new technologies as well as changing consumer preferences and expectations. Energy Queensland is supportive of initiatives to increase customers' ability to participate in the market. We also support government incentives and programs for energy efficiency schemes and efficient appliances and consider that such initiatives would benefit from being broadened to include demand management incentives (such as those already implemented by Energy Queensland's network businesses). Incentives that encourage customers to use less energy during peak hours or decrease overall energy consumption have greater potential to support network reliability and defer or avoid the need for network augmentation.

3.2.4 Protections

Energy Queensland supports removing any unnecessary barriers to the development of innovative products and services, while at the same time not infringing on protections or the efficient operation of the national electricity market in the long-term interests of consumers. We also support harmonising energy consumer protection arrangements and initiatives intended to strengthen life support protections as well as extending consumer protections to embedded networks, individual power systems and micro-grids. However, it is important that any new or proposed reforms to consumer protection arrangements are warranted, targeted appropriately and, where possible, do not lead to increased electricity prices.

3.3 System security

A key focus for network service providers is maintaining power system strength for existing generating facilities while facilitating the transition to greater levels of non-synchronous generation technologies in the national electricity market. In addition, with the forecast increase in behind the meter energy storage and generation, power system security will be impacted by aggregated distributed energy resources and / or load under control at the customer level.

Energy Queensland is supportive of the AEMC's proposed goals and work programs relating to system strength, but would make the following comments:

- Energy Queensland participated in the recent *Managing power system fault levels* rule change consultation which introduced a requirement for new connecting generators to 'do no harm' to the security of the power system and requires the market operator to develop system strength impact assessment guidelines. While largely supportive of the AEMC's final determination, Energy Queensland remains concerned about issues associated with coordinating investments in system strength works where there are multiple connecting parties. In this regard, Energy Queensland considers that further consideration should be given to an appropriate, nationally-consistent and enforceable mechanism to provide visibility of intending generator connections to enable new proponents to better assess the viability of their projects.

- The AEMC has noted that the Finkel review has recommended that the Australian government should undertake an assessment of the national electricity market's resilience to human and environmental threats.[7] However, Energy Queensland considers that it would also be prudent for the AEMC to:

    - Take care when considering system security to ensure that it does not unintentionally increase vulnerability to threats or risks in areas directly outside the electricity sector sphere, i.e. the broader energy and other sectors that affect energy supply and demand. This includes the reliable availability, security and affordability of energy fuel sources that are inputs to electricity system security. For example, affordability of gas, extended dry periods reducing the capability and capacity of hydro schemes, and oil shortages (or price surges) impacting on diesel

[7] Ibid, p. 48.

standby-generators are all critical elements which impact upon system security.

- Be mindful of the potential risks to the power system resulting from other external factors, such as climate change and geomagnetically induced currents, which have the potential to result in wide-scale impacts to the electricity grid.

In other words, the strategic priorities for the energy sector need to take into consideration the security of the broader energy system to ensure the security of the electricity system.

3.4 Reliability

Reliability of supply is currently a key issue for the national electricity market and it is clear that efficient and effective solutions and interventions are urgently required to meet both the immediate and longer-term reliability challenges facing the sector, most particularly the risk of electricity supply falling short of demand (especially in extreme conditions).

Energy Queensland therefore supports an increased focus on efficient investment, retirement and operational decisions by market participants to achieve an adequate supply of energy and capacity (involving generation, demand response and interconnectors) in both the short and long-term. The three goals proposed by the AEMC, i.e. an efficient market-based approach, appropriate intervention mechanisms and clear and transparent information signals[8], and the accompanying works programs, are endorsed by Energy Queensland.

In particular, Energy Queensland considers the recently commenced *Reliability Frameworks Review* is critical to achieving the proposed goals and recommends that highest priority is given to intervention mechanisms for a strategic reserve to cover the possibility of market failure in the short-term. In the longer-term, Energy Queensland considers that clear and transparent information signals will be critical to providing confidence for the market to make investments on the supply side to provide sufficient capacity to meet the reliability outcomes required by both residential and commercial and industrial customers, including facilitating regular forecasts of market supply capacity and locational shortfall.

[8] Ibid, p. 55.

Energy Queensland is also supportive of initiatives, such as the demand response pilot program currently being undertaken by ARENA and the market operator, and the incorporation of learnings into the outcomes of the *Reliability Frameworks Review*. A successful demand response program should increase the number of contract-ready demand response participants to:

- enable increased participation and competition for network-based demand response contracts; and
- encourage demand response into areas where there are network risks and the demand response can be contracted quickly through market proponents.

Distribution businesses already have significant network demand management programs in place which provide a range of initiatives to incentivise customers to either reduce their consumption at peak times or shift their consumption to non-peak times, for example, residential appliance load control (hot water, pool pumps and air-conditioning) and contracted demand response to support network needs (shifting of commercial production times or shutting down of processes). For instance, in Queensland, Energex and Ergon Energy have approximately 850 MW of available load for use during extreme demand periods or emergency response and have led the industry with market-driven engagement techniques such as interactive maps and Optimal Incremental Pricing. Ongoing reforms are also aimed at further incentivising distribution businesses to engage in demand management as an alternative to network options to remove constraints. However, the market for alternative options is at an early stage of maturity.

Energy Queensland considers that, as these resources are expected to provide benefit to system reliability, there may be potential for further value to be gained from the market operator and third parties having greater access to the existing demand response capabilities that distribution businesses have for market reliability purposes. The potential for this service to be coordinated and provided by distribution businesses to the broader market should therefore not be overlooked, at least as an interim measure until the demand response market has reached a sustainable level of maturity.

Finally, Energy Queensland considers the AEMC should be mindful of the interactions of ongoing developments with respect to distributor reliability in undertaking its initiatives. Specifically, Energy Queensland operates under a Service Target Performance Incentive Scheme (STPIS), which is administered by the Australian Energy Regulator (AER). The primary purpose of the STPIS is to provide incentives to distribution networks to maintain the existing level of supply reliability and to improve the reliability of supply where customers are willing to pay for these improvements.

The current form of the STPIS has been in place since 2009, with the AER recently initiating a review of the scheme. In conjunction with this review, the AER has also developed a draft *Distribution Reliability Measures Guideline*, which defines a set of common definitions of reliability measures that can be used to assess and compare the reliability performance of distributors.

3.5 Effective markets

The AEMC has outlined three key goals in relation to effective markets: market participation; transparent and efficient prices; and market reforms to facilitate and adapt to change.[9] Energy Queensland's comments with respect to these goals are provided below.

3.5.1 Market participation

Energy Queensland supports measures designed to accelerate the integration of new technologies into the competitive market. Key components of Energy Queensland's integrated portfolio, the new energy services businesses, were established to offer new products and services to households, businesses and communities, particularly in regional Queensland.

However, Energy Queensland believes it is crucial that any development of the market framework should enhance the confidence of our customers and stakeholders, particularly through delivering greater benefits and lower costs. Energy Queensland therefore considers that network businesses should not be excluded from offering services and contributing to the enablement of emerging energy services markets, particularly where competitive markets may be slow to develop and customers are likely to be disadvantaged. Overall, the long term interests of customers would more likely be achieved where networks are able to supply services into contestable markets, thereby lowering prices and providing a wider choice of suppliers and service offerings. Consequently, while Energy Queensland appreciates that network businesses must compete on an equal basis with others in contestable markets, regulation that limits competition should be avoided.

[9] Ibid, p. 63.

3.5.2 Transparent and efficient prices

Energy Queensland agrees with the AEMC's assessment that 'transparent and efficient prices are critical to the energy sector'.[10] A market framework that facilitates efficient investment and provides the best outcomes for energy consumers is therefore supported. However, regulatory disruption has the potential to impact upon efficient prices and, as such, any amendments to the regulatory framework need to be carefully considered to ensure impacts are minimised.

There is currently a great deal of energy market disruption including, for example, the implementation of Power of Choice initiatives and the integration of new and emerging distributed energy resources. Additional initiatives, such as the current proposal to align the settlement time period (currently 30 minutes) with the five minute dispatch period which has the potential to lead to further disruption in both the physical and financial markets, should only be contemplated if the benefits can be demonstrated to significantly outweigh the cost impacts.

3.5.3 Market reforms

Energy Queensland is fully supportive of initiatives to test new technologies and accelerate their integration into the competitive market. Energy Queensland also endorses the AEMC's view that any interventions or initiatives implemented should not:

- lead to increased costs for the energy sector which will lead to increased prices for customers; and
- result in distorted incentives for market investment and innovation.[11]

3.6 Networks

Energex and Ergon Energy are at the core of the Energy Queensland portfolio. Providing services to all Queenslanders through the construction, operation and maintenance of the state-wide distribution networks, the distribution businesses are responsible for ensuring economic, safe, reliable and secure supply of electricity.

[10] Ibid, p. 64.
[11] Ibid, p. 66.

Declining costs, continuous technological development and changing consumer attitudes make it likely that the uptake of distributed energy resources will continue to grow and drive an evolution in distribution networks to accommodate two-way power flow and enable customers to optimise the value of investment in these new technologies and distribution network access. As volumes increase, the integration of distributed energy resources will become more challenging, with distribution systems needing to adapt from traditional, uni-directional systems to platforms that enable bi-directional flows and more dynamic energy markets. Innovation in distribution system operation to ensure this level of integration of distributed energy resources will therefore be critical. In line with the prediction that customers will continue to embrace and invest in new forms of technology within their homes and businesses, Energy Queensland will continue to evolve our grids to meet these changing demands and, regardless of the type of technology, we intend to create a network that can operate as a platform and interconnector for distributed energy resources and for all of our customers.

The AEMC's *Distribution Market Model* project has recently provided a view of what future distribution network operation might look like, guided by the principles of competitive neutrality and consumer choice. However, a key concern for Energy Queensland is that the evolution of distribution systems is well underway. Distribution network service providers, such as Energex and Ergon Energy, are already actively responding to the technical impacts of distributed energy resources, with much of our forward planning focused on strategies to enable greater integration of these technologies into the network to support positive outcomes for customers and the wider Queensland community. Energy Queensland therefore considers that prioritisation should be given to:

- development of a clear transition path (including milestones and accountabilities) from the current state to the anticipated future state of distribution system operation, while recognising that adjustments may need to be made periodically to respond to market developments;
- further consideration of the distribution system operation function so as to ensure an open-access platform is created to avoid the potential for a first mover creating a monopoly;
- consideration of the interactions between a distribution system operator and a network manager/operator and the associated responsibilities and obligations of each to ensure system security; and
- careful consideration of the appropriate level of regulation required in the initial phases of the evolution to ensure facilitation of optimal outcomes.

It is important that these matters are addressed as part of any additional analysis undertaken by the AEMC under its program of work.

Another issue that is currently impacting distribution networks is the increased volume of generator connections across both transmission and distribution networks (but predominantly distribution networks) and new non-synchronous generation technologies which have become commonplace in the network and which must be managed accordingly. Energy Queensland therefore considers that it is timely for:

- a comprehensive review of the process under the National Electricity Rules for connecting and managing generators; and
- a review of market classifications for embedded generators and associated thresholds to address technical issues currently impacting networks.

These reviews should be coordinated with other work programs arising from the Finkel review recommendations.

3.7 Governance

Strong governance is crucial to the efficient and effective functioning of the national electricity market and for achieving the strategic priorities for the energy sector. Energy Queensland is therefore fully supportive of a governance framework that provides strong leadership and direction, has clearly defined roles, is coordinated and responds to market changes in a timely manner.[12]

Energy Queensland supports the continued clear delineation between rule-making, regulation and market operation functions to ensure ongoing stakeholder confidence in governance arrangements, but considers it is also critical that there is close coordination between energy market bodies to deliver outcomes consistent with the long-term interests of energy consumers. Although Energy Queensland welcomes the establishment of the ESB, we look forward to further clarity on how that body will work with the AEMC in fast-tracking rule-making on critical reliability and security of supply issues. In particular, Energy Queensland considers that any proposed accelerated ESB rule-making mechanism should be confined to exceptional circumstances only, i.e. for urgent and critical implementation issues flowing from the Finkel review; conducted with an appropriate level of transparency; and undertaken in open consultation with stakeholders.

[12] Ibid, p. 89.